Under the extant Branch Authorisation Policy of RBI, closure of even loss making branches in rural centres having a single commercial bank branch (excluding Regional Rural Bank branch) is not permitted, as the closure would render the centre unbanked. The proposals for closure of a rural branch at a centre served by more than one commercial bank branch are required to be submitted to RBI by banks in the Annual Branch Expansion Plan after obtaining approval of District Consultative Committee (DCC). RBI considers these proposals on a case-to-case basis and closure of rural branches is approved only under exceptional circumstances like adverse law and order problem, natural calamities etc.

To ensure greater financial inclusion, especially in the rural areas and for increasing the outreach of the banking sector, RBI has permitted banks to provide banking services using the services of Business Facilitator/Business Correspondents. In rural centres, where it is felt that there is limited business potential for opening a bank branch, banks have started reaching out by providing banking services based on smart card technology.

External Commercial Borrowing

3036. SHRI C. RAMACHANDRAIAH: Will the Minister of FINANCE be pleased to state:

(a) whether the Ministry has imposed restrictions on External Commercial Borrowings (ECBs) which the Indian companies use to raise their capital;

(b) if so, why such an initiative has been taken when the industry sector has been witnessing low growth rates compared to the previous years;

(c) whether any other incentives would be given to the sector to overcome the said bottleneck;

(d) if so, the details thereof; and

(e) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) and (b) The inflows of capital have been moderated through ECB by modifying some aspects of the policy effective from August 7, 2007, *i.e.* (i) ECB up to USD 500 million per borrower company per financial year has been permitted only for foreign currency expenditure *viz.* import of capital goods and/or overseas acquisition, for permissiable end-uses of ECB both under the Automatic and Approval Route. (ii) Borrowers proposing to avail of ECB upto USD 20 million for rupee expenditure for permissible end-uses would require prior approval of the Reserve Bank under Approval Route. Such an initiative has been taken on the recommendation of RBI as part of its monetary policy.

(c) to (e) ECB policy is reviewed continuously by the Government in consultation with the Reserve Bank of India, keeping in line with the evolving macro-economic situation, changing market conditions, sectoral requirements, developments in the external sector and the lessons of experience. There is, however, no such proposal at present to give any incentive to specific sector.